

Forty-ninth Legislature
First Regular Session

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2156

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 9-951, Arizona Revised Statutes, is amended to
3 read:

4 9-951. Disposition of fire insurance premium tax proceeds;
5 composition of fund

6 A. The proceeds of the annual tax provided by law on the gross amount
7 of all premiums received on policies and contracts of fire insurance covering
8 property within this state, after deducting cancellations, return premiums,
9 dividends and the amount received as reinsurance on business in this state,
10 are appropriated and set aside for distribution to cities and towns and
11 legally organized fire districts ~~which~~ THAT procure the services of private
12 fire companies and for the payment of benefits pursuant to this article,
13 article 4 of this chapter or title 38, chapter 5, article 4.

14 B. Not later than April 30, the state fire marshal shall certify to
15 the state treasurer the incorporated cities and towns having organized fire
16 departments, the incorporated cities and towns and legally organized fire
17 districts ~~which~~ THAT procure the services of a private fire company and the
18 areas served by legally organized fire districts, the department of insurance
19 shall certify to the state treasurer the respective amounts of tax on fire
20 premiums paid in the previous year for properties located in this state, and
21 the department of revenue shall certify to the state treasurer the full cash
22 value of the real property and improvements for the previous year in each
23 incorporated city and town and legally organized fire district ~~which~~ THAT
24 procures the services of a private fire company and in each area served by a
25 department or a legally organized fire district. The total amount of the tax
26 proceeds shall then be prorated among the several incorporated cities and
27 towns and legally organized fire districts in proportion to the full cash
28 value of the real property and improvements in each incorporated city and
29 town and legally organized fire district ~~which~~ THAT procures the services of
30 a private fire company and in each area served by a department or a legally

1 organized fire district to the total full cash value of all incorporated
2 cities and towns and legally organized fire districts ~~which~~ THAT procure the
3 services of a private fire company and incorporated cities and towns ~~which~~
4 THAT have a fire department and legally organized fire districts in this
5 state.

6 C. Each incorporated city or town having an organized fire department
7 and each legally organized volunteer fire district shall deduct five per cent
8 from the salaries or compensation of its fire fighters and add a like amount
9 from its general revenues. The employer or the employee may add a
10 contribution greater than that specified in this section to the fire
11 fighters' relief and pension fund. The total of the two amounts shall be
12 paid each month into the fire fighters' relief and pension fund. The
13 treasurer of each board shall keep a record of the salary deductions. If a
14 fire fighter dies under circumstances not entitling his dependents to a
15 benefit from the fire fighters' relief and pension fund, or if he becomes
16 separated from the service voluntarily or involuntarily without having become
17 eligible for retirement benefits thereunder, all deductions previously made
18 from his salary under this article shall become payable, plus interest as
19 determined by the board, to his beneficiary in the event of his death, or
20 otherwise to the fire fighter.

21 D. Payroll deductions made under ~~the provisions of~~ subsection C of
22 this section, plus any additional sums the board of trustees may add, shall
23 be set aside in a permanent reserve fund, the income of which, but no part of
24 the principal, shall be used to pay retirement benefits or relief, but, in
25 order to pay the refunds provided for in subsection C of this section, that
26 portion of the principal ~~which~~ THAT accrues from salary deductions may be
27 drawn upon when necessary.

28 E. For purposes of this section and section 9-952, full cash value of
29 real property and improvements for the previous year with respect to each
30 incorporated city and town which procures the services of a private fire
31 company shall be limited to thirty per cent of the amount certified by the
32 department of revenue and the percentage shall be utilized in computing the

1 entitlement of an incorporated city or town which procures the services of a
2 private fire company.

3 Sec. 2. Section 20-224, Arizona Revised Statutes, is amended to read:

4 **20-224. Premium tax**

5 A. On or before March 1 of each year each authorized domestic insurer,
6 each other insurer and each formerly authorized insurer referred to in
7 section 20-206, subsection B, shall file with the director a report in a form
8 prescribed by the director showing total direct premium income including
9 policy membership and other fees and all other considerations for insurance
10 from all classes of business whether designated as a premium or otherwise
11 received by it during the preceding calendar year on account of policies and
12 contracts covering property, subjects or risks located, resident or to be
13 performed in this state, after deducting from such total direct premium
14 income applicable cancellations, returned premiums, the amount of reduction
15 in or refund of premiums allowed to industrial life policyholders for payment
16 of premiums direct to an office of the insurer and all policy dividends,
17 refunds, savings coupons and other similar returns paid or credited to
18 policyholders within this state and not reapplied as premiums for new,
19 additional or extended insurance. No deduction shall be made of the cash
20 surrender values of policies or contracts. Considerations received on
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,
22 shall not be included in total direct premium income, and neither shall be
23 subject to tax. The report shall separately indicate the total direct FIRE
24 INSURANCE premium income received from ~~fire insurance premiums on property~~
25 ~~located in an incorporated city or town that procures~~ PROPERTY LOCATED IN THE
26 INCORPORATED CITIES AND TOWNS CERTIFIED BY THE STATE FIRE MARSHALL PURSUANT
27 TO SECTION 9-951, SUBSECTION B, AS PROCURING the services of a private fire
28 company.

29 B. Coincident with the filing of such tax report each insurer shall
30 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a
31 tax of 2.0 per cent of such net premiums, except that the tax on fire
32 insurance premiums on property located in an incorporated city or town ~~which~~

1 ~~procures~~ CERTIFIED BY THE STATE FIRE MARSHAL PURSUANT TO SECTION 9-951,
2 SUBSECTION B, AS PROCURING the services of a private fire company is .66 per
3 cent, the tax on all other fire insurance premiums is 2.2 per cent and the
4 tax on health care service and disability insurance premiums is as prescribed
5 under sections 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to
6 subsection E of this section shall be deducted from the tax payable pursuant
7 to this subsection. Each insurer shall reflect the cost savings attributable
8 to the lower tax in fire insurance premiums charged on property located in an
9 incorporated city or town ~~that procures~~ CERTIFIED BY THE STATE FIRE MARSHAL
10 PURSUANT TO SECTION 90-951, SUBSECTION B, AS PROCURING the services of a
11 private fire company. NO INSURER SHALL BE LIABLE TO THE STATE OR TO ANY
12 OTHER PERSON, OR SHALL BE SUBJECT TO REGULATORY ACTION, RELATING TO THE
13 CALCULATION OR SUBMITTAL OF FIRE INSURANCE PREMIUM TAXES BASED IN GOOD FAITH
14 UPON THE STATE FIRE MARSHAL'S CERTIFICATION.

15 C. Eighty-five per cent of the tax paid hereunder by an insurer on
16 account of premiums received for fire insurance shall be separately specified
17 in the report and shall be apportioned in the manner provided by sections
18 9-951, 9-952 and 9-972, except that all of the tax so allocated to a fund of
19 a municipality ~~which~~ THAT has no volunteer fire fighters or pension
20 obligations to volunteer fire fighters shall be appropriated to the account
21 of the municipality in the public safety personnel retirement system and all
22 of the tax so allocated to a fund of a municipality ~~which~~ THAT has both
23 full-time paid fire fighters and volunteer fire fighters or pension
24 obligations to full-time paid fire fighters or volunteer fire fighters shall
25 be appropriated to the account of the municipality in the public safety
26 personnel retirement system where it shall be reallocated by actuarial
27 procedures proportionately to the municipality for the account of the
28 full-time paid fire fighters and to the municipality for the account of the
29 volunteer fire fighters. A full accounting of such reallocation shall be
30 forwarded to the municipality and both local boards.

31 D. This section shall not apply to title insurance, and such insurers
32 shall be taxed as provided in section 20-1566.

1 E. Any insurer ~~which THAT~~ paid or is required to pay a tax of two
2 thousand dollars or more on net premiums received during the preceding
3 calendar year, pursuant to subsection B of this section and sections
4 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07, shall file on or before
5 the fifteenth day of each month from March through August a report for that
6 month, on a form prescribed by the director, accompanied by a payment in an
7 amount equal to fifteen per cent of the amount paid or required to be paid
8 during the preceding calendar year pursuant to subsection B of this section
9 and sections 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The
10 payments are due and payable on or before the fifteenth day of each month and
11 shall be made to the director for deposit, pursuant to sections 35-146 and
12 35-147.

13 F. Except for the tax paid on fire insurance premiums pursuant to
14 subsections B and C of this section, an insurer may claim a premium tax
15 credit if the insurer qualifies for a credit pursuant to section 20-224.03 or
16 20-224.04."

17 Amend title to conform

and, as so amended, it do pass

RICHARD A. MURPHY
Chairman

2156-se-wm
2/23/09
H:jmb